

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEW JERSEY

In re:

BLOCKFI INC., *et al.*,

Debtors.

Chapter 11

Case No. 22-19361 (MBK)

(Jointly Administered)

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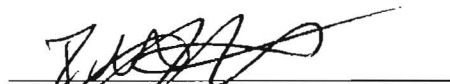


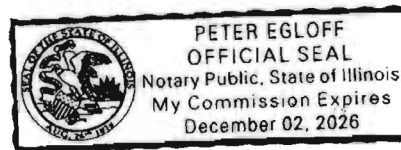
(Signature)

*Sr. Acct. Exec.*

(Title)

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Notary Public



Legal Notice

# NOTICE OF BIDDING PROCEDURES, POTENTIAL AUCTION, AND SALE HEARING

In re: **BLOCKFI INC., et al.**

UNITED STATES BANKRUPTCY COURT, DISTRICT OF NEW JERSEY

Chapter 11 Case No. 22-19361 (MBK)

*[Click here to read the full notice](#)*

On January 30, 2023, the U.S. Bankruptcy Court for the District of New Jersey (Trenton) approved BlockFi Inc.'s proposed bidding procedures. All interested bidder should carefully read the [Notice of Bidding Procedures](#) [Docket No. 441-2] and the [Order](#) [Docket No. 441]. Final bids of the debtors' mining assets are due by February 20, 2023 at 12:00 p.m. Eastern Time and an auction, if any, will be held on February 28, 2023 at 10:00 a.m. Eastern Time.



Feb 8, 2023

# Valid Points

**Breaking down Ethereum's evolution and its impact on crypto markets**

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**ETH Price**  
\$1,684.71

**Market Cap**  
\$203.03B

**Volume (24H)**  
\$9.39B

As of February 7, 2023 @ 8:30 PM EST.

[ETH price % change over 24 hours.](#)

***Welcome to Valid Points. In today's issue, [Sam Kessler](#) writes about how the contentious Uniswap vote to expand onto Binance's BNB blockchain highlighted the opaqueness of decentralized governance. Read the full article [here](#).***

When Andreessen Horowitz (a16z) invested in the decentralized crypto exchange Uniswap, it earned a massive trove of the project's UNI tokens – crypto assets that double as votes in the exchange's decentralized autonomous organization (DAO).

The venture capital firm's ownership of those tokens – and the votes it controls – are suddenly at the center of a crypto debate over how decentralized Uniswap really is. On Twitter and elsewhere, some industry observers and stakeholders in the project are asking whether there is a potential conflict of interest given a16z's interest in multiple projects that might benefit from a business relationship with Uniswap.

Last week, in [a community poll](#) that was viewed as crucial in a cut-throat race between crypto infrastructure platforms, the Uniswap DAO selected a [crypto "bridge"](#) called Wormhole as a key part of its infrastructure for a planned expansion to Binance's BNB blockchain.

Unlike official, “on-chain” DAO votes that can automatically execute blockchain code when they pass, this one, hosted on the website Snapshot.org, was a more informal “temperature check.”

A16z didn’t cast a vote in the “temperature check” poll, and its absence from the tally may have cost LayerZero, one of its portfolio companies, the highly coveted spot. (A16z [later clarified](#) that it would have voted for LayerZero, but that it was unable to participate for technical reasons.)

Now [an official vote is pending](#) on whether to ratify Wormhole’s selection, and a16z has voted against it. A key question is whether the firm should be allowed to derail Uniswap’s expansion plans in order to prevent LayerZero’s competitor from gaining an advantage.

So far, a16z has used 15 million UNI tokens to vote against the proposal – not enough to block it from passing. In other words, the entire issue might be moot in this case.

But the issue raises the question of how things might have played out differently if a16z had made full use of its voting powers.

The venture firm’s 15 million UNI represents just a fraction of its total holdings. A representative for a16z tells CoinDesk that it has [“delegated”](#) over 40 million additional tokens to third parties – many of whom voted against a16z in this week’s vote. Theoretically, a16z could, in future votes, reclaim those UNI tokens, and the votes, for itself.

If a16z loses this week’s Uniswap vote – which currently seems likely – it will not prove that the Uniswap DAO has lived up to its “decentralized” governance ethos. Instead, it will only prove that a16z has chosen to exercise self-restraint rather than draw attention to the full weight of its influence within Uniswap’s decentralized ecosystem. Moreover, the example of a16z and Uniswap underscores how little we know about how power is distributed in the pseudonymous world of decentralized governance.

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## Pulse Check

The following is an overview of network activity on the Ethereum Beacon Chain over the past week. For more information about the metrics featured in this section, check out [our 101 explainer on ETH metrics](#).



## Network Health

Network Participation Rate  
Weekly Range

**99.29% - 99.70%**

Number of Validators

**513,599 active** + 0.86%  
**55 pending** + 8

Total ETH Deposited

**16,487,575 ETH** + 0.81%  
**\$27.79 billion** + 6.88%

Share of Total ETH Supply  
Deposited

**13.68%**

\*+ and - figures represent weekly changes to these metrics. Data as of February 8, 2023, 1:16:27 UTC. Source: BeaconScan, Etherscan



*Disclaimer: All profits made from CoinDesk's Eth 2.0 staking venture will be donated to a charity of the company's choosing once transfers are enabled on the network.*



## CoinDesk Validator Health

### Historical Activity

**162,152 attestations submitted** **+ 1,662**

**18 blocks proposed** **\*null**

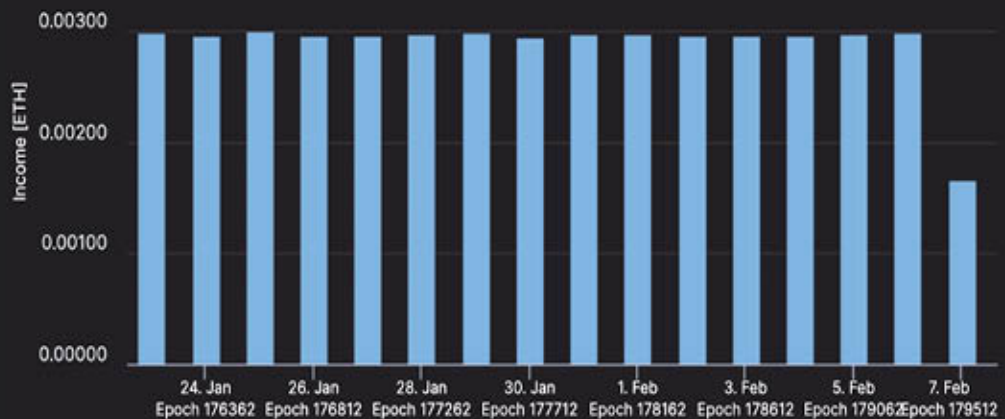
### Weekly Revenue

**+ 0.02074 ETH (+\$34.94)**

### Estimated APR

**9.4%**

### Daily Income Over the Past Two Weeks



*\*+ and - figures represent weekly changes to these metrics. Data as of February 7, 2023, 1:25:25 UTC. Source: Beaconcha.in, BeaconScan.*



## Validated Takes

[Aave to distribute Lido staking rewards on Arbitrum and Optimism](#)

- **WHY IT MATTERS:** Rewards from staking ether on Lido will now be distributed on Ethereum, Arbitrum and Optimism following a recently concluded community vote. Last year, Lido said it will reward staked ether (stETH) liquidity providers on Arbitrum and Optimism with a cumulative 150,000 LDO tokens, Lido's governance token, to attract users to the service. On Monday, over 99% of all governance participants voted to distribute these rewards across Aave. [Read more here.](#)

#### [The Bitcoin blockchain minted a non-fungible token \(NFT\) of a bald, bearded wizard.](#)

- **WHY IT MATTERS:** Independent developer Udi Wertheimer claims he minted a giant image of what appears to be a bald, bearded wizard donning sunglasses and promoting "magic internet JPEGs" on the Bitcoin blockchain via the Ordinals protocol. His announcements in the Discord channel "taprootwizards.com" and on Twitter sparked further flames of division between Bitcoin purists and Ordinals proponents. The block that minted the NFT was mined by bitcoin mining firm Luxor Technologies, which said it was "the largest Bitcoin block" ever mined. [Read more here.](#)

#### [Ethereum test network Zhejiang successfully simulated withdrawals of staked ether for the first time.](#)

- **WHY IT MATTERS:** The test network is designed to provide developers with a dress rehearsal of the withdrawals similar to those that will happen on the main Ethereum blockchain following its long-awaited Shanghai upgrade, expected next month. Zhejiang is the first of three testnets to run through a simulation of Shanghai. Testnets duplicate main blockchain, and allow developers and users to test any code changes to their applications in a low-stakes environment. [Read more here.](#)

## Factoid of the Week





Ethash, a successor to the Dagger Hashimoto algorithm, was Ethereum's proof-of-work mining algorithm.



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## Open Comms

Valid Points incorporates information and data about CoinDesk's own Eth 2.0 validator. All profits made from the staking venture will be donated to a charity of our choosing once transfers are enabled on the network. For a full overview of the project, check out [our announcement post](#).

You can verify the activity of the CoinDesk Eth 2.0 validator in real time through our public validator key, which

0xad7fef3b2350d220de3ae360c70d7f488926b6117e5f785a8995487c46d323ddad0f574fdcc50eeefec34ed9d2

Search for it on any Ethereum block explorer site!



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Feb 15, 2023

# Valid Points

**Breaking down Ethereum's evolution and its impact on crypto markets**

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**ETH Price**  
\$1,555.66

**Market Cap**  
\$187.82B

**Volume (24H)**  
\$11.96B

As of February 14, 2023 @ 5:09 PM EST.

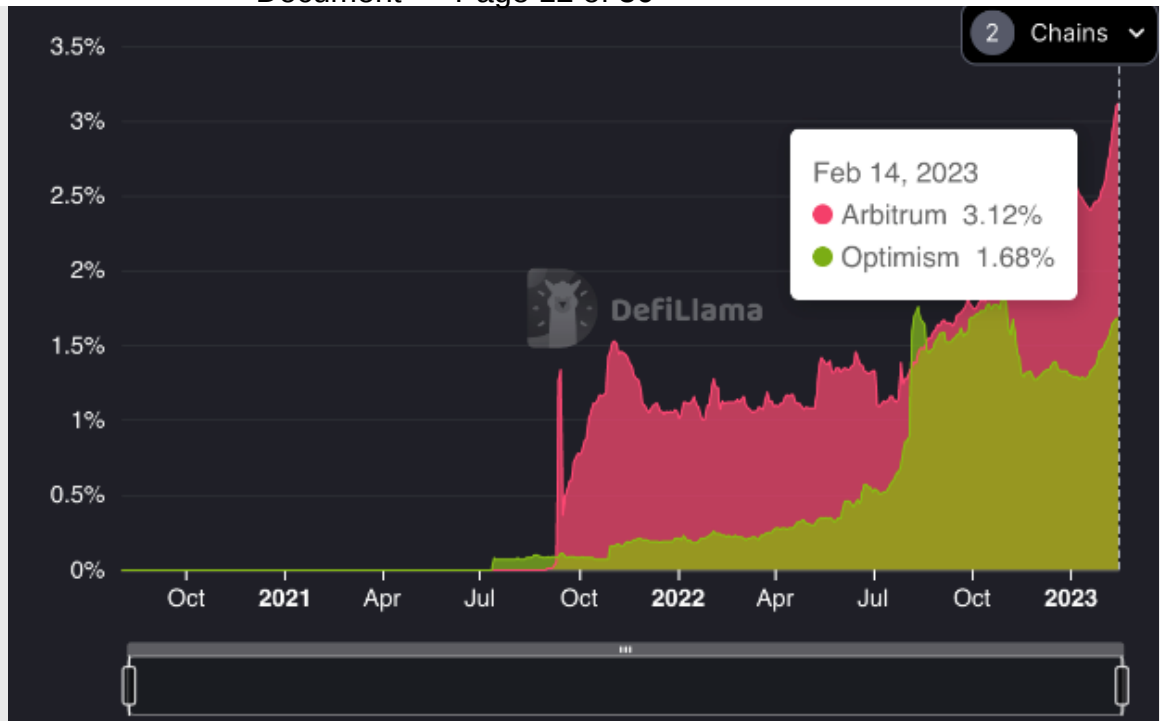
[ETH price % change over 24 hours.](#)

***Welcome to Valid Points. In today's issue, [Sam Kessler](#) discusses Arbitrum's lead in Ethereum's layer 2 landscape.***

Ethereum's layer 2 landscape is finally taking form, and Arbitrum is in the lead.

Arbitrum is currently the fourth-largest blockchain in terms of the total value locked (TVL) into its decentralized finance (DeFi) ecosystem, [according to DefiLlama.](#)

Its \$1.49 billion TVL is nearly double that of its main competitor, Optimism, which uses similar technology to scale Ethereum yet has a TVL closer to \$800 million.



Arbitrum owes much of its recent growth to GMX, a decentralized spot and perpetual exchange that launched in September 2021 and has since [grown precipitously](#). GMX currently accounts for about 30% of Arbitrum's entire TVL, about [\\$457 million](#). (GMX is also deployed on the Avalanche blockchain, though its footprint there is around a quarter the size).

Decentralized finance platforms like GMX use smart contracts to allow users to transact without intermediaries, and they collect fees from users as a way to reward liquidity providers and community members. GMX has been so successful in recent months that, during a 24-hour period this past weekend, it [earned more in transaction fees](#) than the Ethereum blockchain did during the same period.

When [Ethereum transaction fees](#) skyrocketed last year in response to increased user demand, rollups – separate blockchains that bundle up and “settle” transactions on Ethereum – were viewed as an urgently needed solution to the chain's growing accessibility problem. Unlike sidechains like Polygon PoS, which also bundle up transactions and settle them on Ethereum, rollups (also called “Layer 2” platforms) take advantage of Ethereum's existing security apparatus.

The first big rollup chains to market were Optimism and Arbitrum, both classified as [“optimistic” rollups](#) in reference to the mechanism they use to borrow Ethereum's security.

Transaction fees on Optimism and Arbitrum currently average around \$0.20 and \$0.14, respectively, according to [data from Blockworks](#). In comparison, average transaction fees on Ethereum are over \$0.75 [according to yCharts](#).

Ethereum's layer 2 ecosystem had a slow start, and the total value locked across layer 2 rollups continues to be [an order of magnitude lower](#) than that locked on Ethereum. However, in recent months, layer 2 projects have consistently seen higher combined transaction volumes than Ethereum's base chain, [according to L2beat](#).

Arbitrum employed a different growth strategy from Optimism, which, in a bid to attract more users, offered its native OP as an incentive for people to use some Optimism-based apps.

Arbitrum does not have a token, meaning it relied on the organic growth of its decentralized finance ecosystem to attract users to its platform. It is possible, though, that Arbitrum's usage numbers have been inflated somewhat by bots designed to farm the platform's yet-to-be-announced token. (When crypto protocols announce tokens, they frequently "airdrop" some of them as a reward to existing users.)

Arbitrum and Optimism remain the largest rollups today, but they will face stiff competition in the coming months from a new cohort of upcoming zkEVMs – a more advanced breed of rollups that uses zero-knowledge cryptography to improve fees and security.

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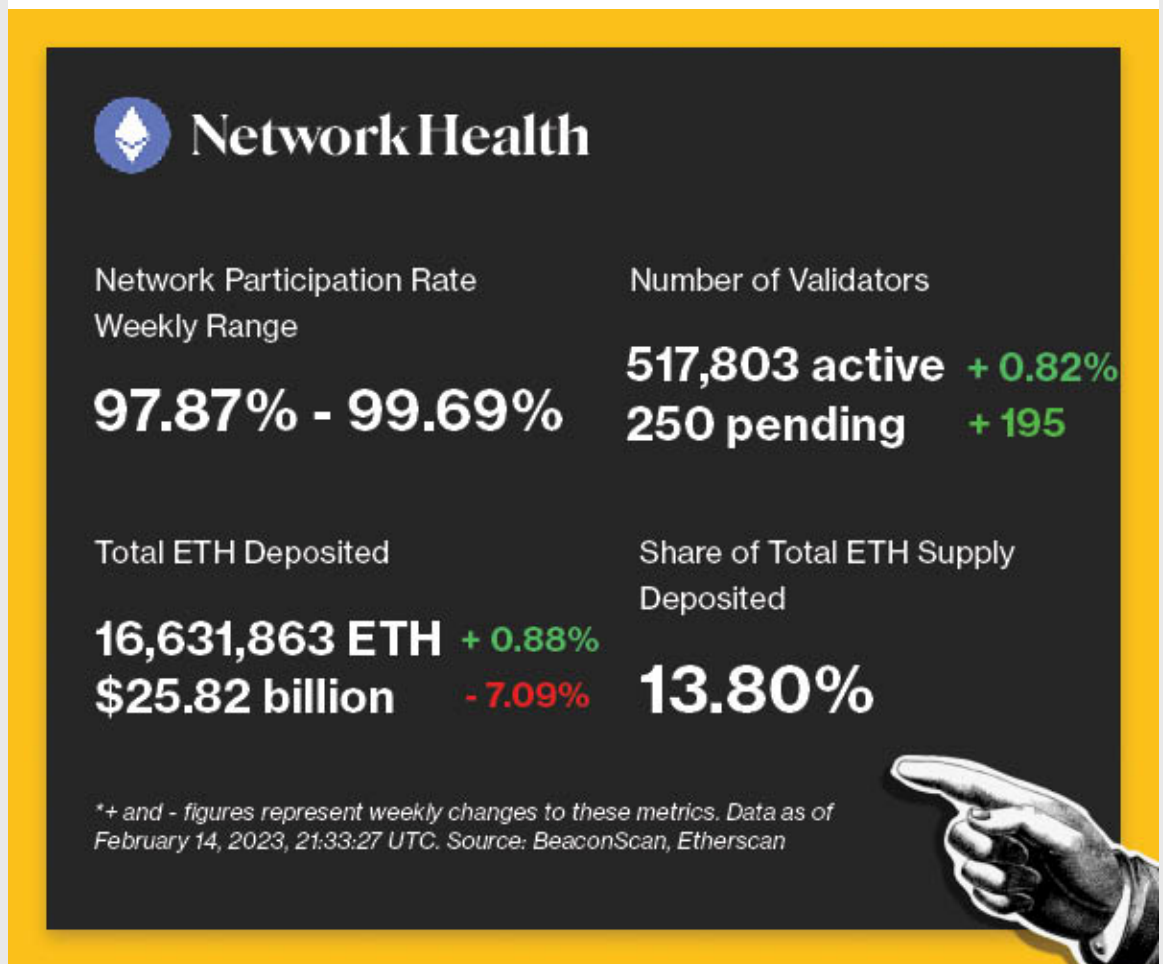
***Click here to read the full notice***

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carefully read the [Notice of Bidding Procedures](#) [Docket No. 441-2] and the [Order](#) [Docket No. 441]. Final bids of the debtors' mining assets are due by February 20, 2023 at 12:00 p.m. Eastern Time and an auction, if any, will be held on February 28, 2023 at 10:00 a.m. Eastern Time.

## Pulse Check

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## CoinDesk Validator Health

### Historical Activity

**163,695 attestations submitted** **+1,543**

**18 blocks proposed** **\*null**

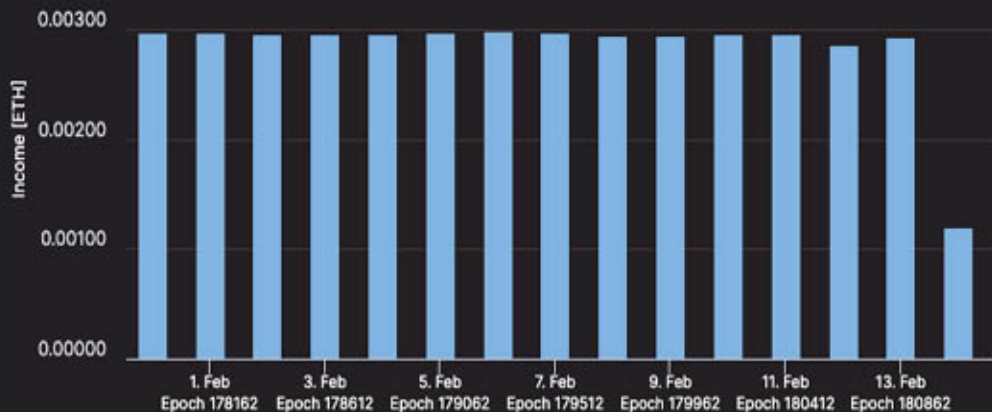
### Weekly Revenue

**+ 0.02053 ETH (+\$31.94)**

### Estimated APR

**9.4%**

### Daily Income Over the Past Two Weeks



*\*+ and - figures represent weekly changes to these metrics. Data as of February 7, 2023, 21:33:25 UTC. Source: Beaconcha.in, BeaconScan.*





Legal Notice

**NOTICE OF BAR DATES FOR SUBMITTING  
PROOFS OF CLAIM AND CLAIMS UNDER  
SECTION 503(B)(9) OF THE BANKRUPTCY CODE  
AGAINST THE DEBTORS**

**In re: BLOCKFI INC., et al.**

UNITED STATES BANKRUPTCY COURT, DISTRICT OF NEW JERSEY  
Chapter 11 Case No. 22-19361 (MBK)

*Click here to read the full notice*

BlockFi Inc., et al, have established bar dates for submitting proofs of claim. Persons and entities that agree with their claim as listed in the Schedules [Docket Nos. 242, 247, 249, 251, 253, 255, 257, 259, 261] need not submit a proof of claim. Otherwise, all persons and entities that assert a claim against the debtors must submit a proof of claim before the bar dates outlined in the [Bar Date Notice](#).

## Validated Takes

### Transactions on the Avalanche blockchain grew as much as 1,500% last year compared to 2021.

- **WHY IT MATTERS:** Despite the collapse of several centralized crypto players and the ongoing bear market, Avalanche demonstrated notable increases in NFT trading volume and overall number of transactions. Data analytics firm Nansen said, “While the network ended November 21, 2021, with nearly 27 million transactions, Avalanche’s cumulative total surpassed 450 million transactions on November 21, 2022.” Such transactional activity came even as the total value of tokens locked on Avalanche-based DeFi applications slid from \$15 billion in 2021 to just over \$900 million in Nov. 2022. [Read more here.](#)

### Polygon is exploring ways to bring zero-knowledge technology to its main chain.

- **WHY IT MATTERS:** In an interview with CoinDesk, Mihailo Bjelic, Polygon’s co-founder, underscored how crucial ZK technology has become for the project’s development road map. He said that some ZK-based enhancements could eventually be made to Polygon’s main



proof-of-stake chain – a sidechain of Ethereum – as a way of improving transaction security. The development is notable partly because Polygon has successfully attracted big corporate partners in recent years, lured by its fast and cheap transactions and marketing prowess.

[Read more here.](#)

[Community members of Uniswap voted to deploy to Binance's BNB blockchain using the Wormhole bridge.](#)

- **WHY IT MATTERS:** The vote, which was open from Feb. 2-10, ended with Silicon Valley venture-capital project backer Andreessen Horowitz (a16z) on the losing side. 66% of community members voted in favor of deploying Uniswap onto BNB Chain, and 34% opposed. The lead dissenter was a16z, Uniswap's largest investor, which has pushed instead for one of its own portfolio companies, LayerZero, to be used as the cross-chain bridge. When Uniswap arrives on BNB Chain, the blockchain built by the crypto exchange giant Binance, it will face competition from PancakeSwap, currently the chain's largest DEX.

[Read more here.](#)

## Factoid of the Week



Homestead, the second development stage of  
Ethereum, was launched in March 2016 at block  
1,150,000

*(Ethereum Foundation)*



## Open Comms

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You can verify the activity of the CoinDesk Eth 2.0 validator in real time through our public validator key, which is 0xad7fef3b2350d220de3ae360c70d7f488926b6117e5f785a8995487c46d323ddad0f574fdcc50eeefec34ed9d2

Search for it on any Ethereum block explorer site!



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Feb 22, 2023

# Valid Points

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**ETH Price**  
\$1,647.37

**Market Cap**  
\$198.38B

**Volume (24H)**  
\$9.68B

As of February 21, 2023 @ 5:29 PM EST.

[ETH price % change over 24 hours.](#)

***Welcome to Valid Points. In today's issue, [Sam Kessler](#) discusses the race between Polygon and Matter Labs in bringing their zkEVMs to market and the compromises both parties will need to make in the name of security.***

The race to bring the first [zero-knowledge Ethereum Virtual Machine](#) (zkEVM) to market culminated in a meme-laden Twitter spat between two crypto co-founders last week.

Polygon's Miahilo Bjelic and Matter Labs' Alex Gulechov are competing to launch the "first" zkEVM chain to help scale Ethereum. When both co-founders happened to announce major updates to their timelines last week, each of them used the occasion to jab at the security practices of their competitor.

After Gulechov announced that zkSync Era – the Matter Labs platform – was open-sourcing its code and opening the doors to developer testing on Ethereum's mainnet, Bjelejic accused him of [lying about the progress of zkSync's third-party security audits](#). Gulechov, for his part, suggested that Bjelejic was [avoiding key questions](#) about how

Polygon's zkEVM system will work when it launches in March, purportedly the first such platform to come to market.

If anything's clear from this exchange, it's that Ethereum's layer 2 landscape – zkEVMs and other scaling platforms that allow users to transact on Ethereum with greater speeds and lower fees – is still in its early days. While a series of companies are racing to go live, all of the products are likely to have major security caveats when they open up to users.

Ethereum's layer 2 rollups are separate blockchains that sit above the base, layer 1 Ethereum chain. These blockchains host apps just like the base Ethereum chain, but they allow users to transact for cheap by bundling up big groups of transactions and then passing them down to the base chain for all-at-once settlement.

Ethereum's core developers envision a future where rollups become the main point of entry for most users. The big selling point for rollups is that they use technology that allows them to "borrow" Ethereum's security – meaning transacting on the rollup chains should be functionally equivalent to transacting on Ethereum itself. But that's not really the case yet.

"There are currently a large number of (Optimistic and ZK) rollup projects, at various stages of development," Ethereum co-founder Vitalik Buterin explained in a [developer forum](#).

"One pattern that is common to almost all of them is the use of temporary training wheels."

Optimistic rollups, the first rollups to come to market, already [process a greater volume of transactions](#) than the main Ethereum blockchain. But as CoinDesk has [previously reported](#), the leading Optimistic roll-ups – Optimism and Arbitrum – have safeguards in place that hinge on the honesty of third parties.

One example of how third parties come into play is code upgradeability. Due to the relative immaturity of their technology, rollup protocols can be upgraded to fix bugs. While the ability to fix bugs may seem like an obvious necessity, many keystone crypto protocols, [like Uniswap](#), opt to be *non-upgradable*. This is because upgrades have the potential to introduce additional bugs (see the [\\$190 million Nomad bridge hack](#)) or be exploited by bad actors who then sneak in outright malicious code.

There's no evidence that Optimism or Arbitrum have ever suffered in a major way as a result of their upgradeability. However, this isn't the only place where they bake in *trust assumptions* as a matter of bootstrapping. Until these trust assumptions are

pared back significantly, using rollup chains won't actually be synonymous with using the main Ethereum blockchain.

ZkEVMs are supposed to be a more advanced breed of rollup platform than Optimistic rollups, since they use fancy zero-knowledge cryptography to ensure transaction integrity. But because of their more complex inner workings, they will also come to market with more caveats.

"I presume that long-term all of us will have your Aaves, Uniswaps, and all the standard DeFi applications that have been on Ethereum," Toghrul Maharramov, senior researcher at the zkEVM startup Scroll, told CoinDesk. "So the question is, how do you stand out? How do you build a unique ecosystem?"

According to Maharramov, "Unless somebody makes a major technical breakthrough and there's a massive gap between them and everyone else, it's more about the values you present."

For Polygon, Matter Labs and other zkEVM builders, security will be a major – if not *the* major – selling point; hence all of the debate online. But beneath the marketing and social media posturing, says Maharramov, all zkEVMs will face similar security challenges.

The "primary concern" in the short term will be bugs in the bridges that people use to pass funds between Ethereum and the zkEVM chains, says Maharramov. Smart contracts that power crypto bridges have long been a [major target for hackers](#), and in the world of zkEVMs, Maharramov says that "bridge contracts are quite complex and avoiding bugs will be difficult."

Perhaps more worrisome than bridges, though, is the difficulty of testing zero-knowledge circuits – the cryptography that will power zkEVMs under the hood.

"The technology has evolved drastically throughout the years, so it's not like an established and battle-tested thing," said Maharramov. Compared to Optimistic rollups, zkEVM code is "much more complex," and there "are fewer people who can audit that kind of stuff, so it's also going to be more difficult to spot bugs."

As a result of their security risks, zkEVMs are likely to rely on greater trust assumptions (ie. training wheels) as they mature in comparison to Optimistic rollups. Code will be upgradeable, for instance, and trusted third parties will be able to step in to safeguard against circuit bugs.

As for when *any* rollup – Optimistic or zkEVM – will be able to take off these training wheels and launch in earnest, Maharramov says it will still be a while.

“I think for Optimistic roll-ups, the path is shorter just because they've been around for a longer time,” he said. “I would expect by next year to have at least protocols that are almost true rollups.”

As for zkEVMs, “I would say two years would probably be somewhere around the mark that I would be comfortable with saying that the tech is mature enough,” he said.

A blue rectangular graphic with a white border. At the top, it says "Legal Notice" in small white text. Below that, in large white capital letters, is "NOTICE OF BIDDING PROCEDURES, POTENTIAL AUCTION, AND SALE HEARING". Underneath, in yellow text, is "In re: **BLOCKFI INC., et al.**". Below that, in white capital letters, is "UNITED STATES BANKRUPTCY COURT, DISTRICT OF NEW JERSEY". Underneath, in white capital letters, is "Chapter 11 Case No. 22-19361 (MBK)". At the bottom, in white italicized text, is "Click here to read the full notice".

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## Network Health

Network Participation Rate  
Weekly Range

**98.03% - 99.59%**

Number of Validators

**522,734 active + 0.95%**  
**300 pending + 50**

Total ETH Deposited

**16,807,767 ETH + 1.06%**  
**\$28.07 billion + 8.71%**

Share of Total ETH Supply  
Deposited

**13.95%**

\*+ and - figures represent weekly changes to these metrics. Data as of February 21, 2023, 20:55:55 UTC. Source: BeaconScan, Etherscan



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## CoinDesk Validator Health

### Historical Activity

**165,263 attestations submitted** **+1,568**

**18 blocks proposed** **\*null**

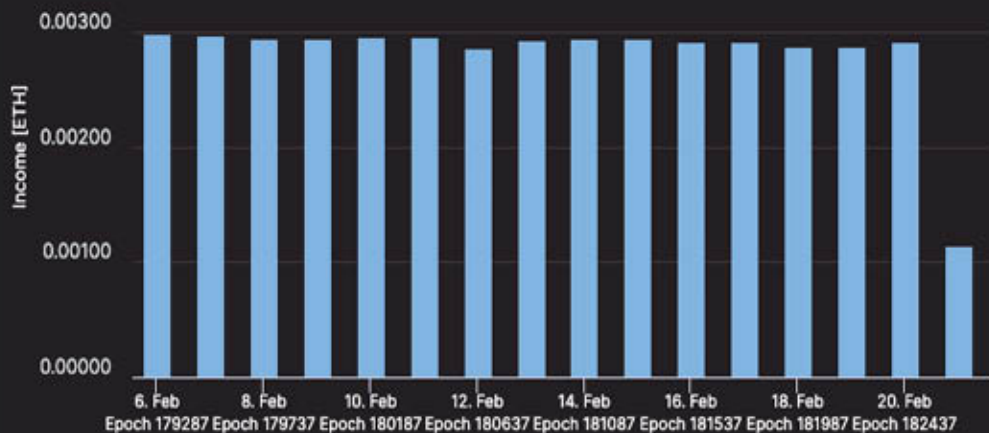
### Weekly Revenue

**+ 0.02035 ETH (+\$34.02)**

### Estimated APR

**9.4%**

### Daily Income Over the Past Two Weeks



*\*+ and - figures represent weekly changes to these metrics. Data as of February 21, 2023, 21:56:56 UTC. Source: Beaconcha.in, BeaconScan.*





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*[Click here to read the full notice](#)*

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## Validated Takes

### [The Sustainable Bitcoin Protocol \(SBP\) completed its first transaction of a clean bitcoin mining blockchain asset.](#)

- **WHY IT MATTERS:** SBP, a startup that aims to encourage miners to utilize environmentally friendly energy sources using tokenization, issues the Sustainable Bitcoin Certificate (SBC), an on-chain environmental asset that represents bitcoin mined using clean energy. By allowing miners to sell SBC, the protocol hopes to incentivize them to use clean energy as another revenue stream. Bitcoin miner CleanSpark (CLSK), which primarily uses nuclear power in the U.S. state of Georgia, sold SBC to Melanion Digital. [Read more here.](#)

### [Flashbots proposed a new protocol to distribute MEV gains with Ethereum users.](#)

- **WHY IT MATTERS:** Flashbots, a research firm formed to crack down on the unsavory practice of “maximal extractable value” or MEV on the Ethereum blockchain, proposed “MEV-Share,” a new protocol that would distribute MEV to Ethereum users, rather than just to validators and data-block builders, according to a blog post on the Flashbots

website. MEV represents the profits made by validators and blockbuilders as a result of reordering or including certain transactions in certain data blocks. [Read more here.](#)

[\*\*Matter Labs rebranded its zero-knowledge rollup platform to “zkSync Era.”\*\*](#)

- **WHY IT MATTERS:** Matter Labs’ ZK rollup platform is in its final phase of development before opening up to users. Project builders that pre-registered for the newly-dubbed “zkSync Era” platform will be able to deploy their apps onto the network for the first time. “People were expecting zkEVMS to arrive five years from now, but here we are, and it’s actually fully working,” Matter Labs CEO Alex Gluchowski told CoinDesk. According to Gluchowski, zkSync Era has over “200 projects lined up” to deploy on its platform.” [Read more here.](#)

## Factoid of the Week



Ethereum: The Infinite Garden, a documentary film of Ethereum’s community of developers, entrepreneurs, artists and crypto enthusiasts, raised 1,035.96 ETH for funding in July 2021.



## Open Comms

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You can verify the activity of the CoinDesk Eth 2.0 validator in real time through our public validator key, which is 0xad7fef3b2350d220de3ae360c70d7f488926b6117e5f785a8995487c46d323ddad0f574fdcc50eeefec34ed9d2

Search for it on any Ethereum block explorer site!



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March 1, 2023

# Valid Points

**Breaking down Ethereum's evolution and its impact on crypto markets**

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**ETH Price**

\$1,640.50

**Market Cap**

\$197.65B

**Volume (24H)**

\$6.28B

As of February 28, 2023 @ 2:21 PM EST.

[ETH price % change over 24 hours.](#)

***Welcome to Valid Points. In today's issue, [Margaux Nijkerk](#) dives into the upcoming upgrades that will shape the Ethereum ecosystem. If you're feeling overwhelmed by all the upgrades and launches happening, we've got you covered with important dates to keep in mind.***

The [Shanghai upgrade](#), more accurately known as “Shapella,” will enable the release of staked ether (ETH) withdrawals. Ever since Ethereum transitioned to a [proof-of-stake](#) (PoS) consensus mechanism, the network began using validators who stake 32 ETH to approve and add blocks to the blockchain.

Before validators joined the PoS blockchain, they agreed that their staked ETH and any accrued rewards would remain locked up until Shanghai. Some validators have had their ETH locked up since as early as December 2020, when the PoS “Beacon Chain” went live. But finally, the time for unlocking those rewards is nearing.

Ethereum developers haven't inked in an official date, but those working on the blockchain have said that they are aiming for March 2023 for the big upgrade.

Given that the calendar has already flipped to March, there's a strong likelihood that Shanghai might be delayed to April. Ethereum developers ran a second-dress rehearsal of Shanghai earlier this week [on the Sepolia testnet](#), but they have yet to decide when the final dress rehearsal will occur.

If developers continue to run tests three weeks apart as they have done with Sepolia and [Zhejiang](#), Goerli will likely occur around March 20, which could push the mainnet Shanghai upgrade into early April. (Ethereum is notorious for running a touch behind schedule, although last year's Merge won plaudits for its mostly smooth execution.)

### Optimism to upgrade to Bedrock

Optimism, an Ethereum L2 scaling solution, will go through a major upgrade in March that aims to decrease transaction fees, increase the speed of transactions, and enhance smoother compatibility with the [Ethereum Virtual Machine](#) (EVM).

The layer-2 protocol aims to lower the cost of Ethereum transactions, while maintaining the security of the Ethereum blockchain. It does this by providing an "Optimistic rollup," a type of scaling solution that bundles a bunch of transactions and sends them back to the Ethereum blockchain as a single transaction. The cost of that one transaction is then split among many users.

The upgrade, known as "Bedrock," will be a major upgrade to the network. Some have said that the upgrade will help Optimism compete with its main competitor, Arbitrum.

Optimism initially tweeted in early February that it was reviewing the specifications for the Bedrock upgrade, scheduled for March 15. But a few weeks later, the Optimism Foundation announced that it would postpone the vote on the upgrade to March 2–April 5, due to some bugs found in the code changes.



Optimism (🌟🔴\_🔴🌟) ✓  
@optimismFND

...

Update for the Collective: We have rescheduled the Bedrock upgrade vote to Cycle 11 (March 2 - April 5) to resolve bugs uncovered by vigilant community members as part of the Bedrock bug bounty contest.

4:36 PM · Feb 16, 2023 · 106.1K Views

128 Retweets 21 Quote Tweets 582 Likes

The upgrade itself won't affect end users, but it will take about four hours for Optimism to upgrade to Bedrock, [according to a blog](#) on their governance website. Given that Optimism was supposed to upgrade two weeks after the initial vote cycle, the new timeline appears to indicate Bedrock will go live in mid-April.

In February, OP Token, the native token for Optimism, [surged 25% amid news](#) of the Bedrock upgrade.

### **The ZK-rollup race intensifies**

Another scaling project to Ethereum, Polygon, is coming out with its own rollup solution in March. Polygon has been working on its own Zero-Knowledge Rollup (ZK Rollup) for a while, and in February, announced [the launch date of its beta zkEVM](#) for March 27.

ZK rollups use complex cryptography that create "proofs" that show that a transaction is valid using only minimal information about that transaction. The zkEVM deploys the [Ethereum Virtual Machine](#) (EVM) for its ZK rollup, allowing developers to move over their Ethereum smart contracts without any hiccups.

ZK technology was once seen as a milestone that would be years away, but [others in the ZK rollup space are racing](#) to be the first to launch their rollup solutions.

Matter Labs recently announced that [it would rebrand and open-source its ZK rollup](#), zkSync 2.0, to zkSync Era, though it did not say when the full network would go live. Scroll, another L2 on Ethereum, has also said they are coming out with their own ZK rollup. Earlier this week, Scroll announced that they were [taking their zkEVM to Ethereum's Goerli](#) testnet.

So who will release their full-fledged ZK rollup first? Based on the heightened level of activity in this arena, the answer might come sooner rather than later.

**Legal Notice**

**NOTICE OF BIDDING PROCEDURES,  
POTENTIAL AUCTION, AND SALE HEARING**

**In re: **BLOCKFI INC.**, *et al.***

**UNITED STATES BANKRUPTCY COURT, DISTRICT OF NEW JERSEY**

**Chapter 11 Case No. 22-19361 (MBK)**

***Click here to read the full notice***

On January 30, 2023, the U.S. Bankruptcy Court for the District of New Jersey (Trenton) approved BlockFi Inc.'s proposed bidding procedures. All interested bidder should carefully read the [Notice of Bidding Procedures](#) [Docket No. 441-2] and the [Order](#) [Docket No. 441]. Final bids of the debtors' mining assets are due by February 20, 2023 at 12:00 p.m. Eastern Time and an auction, if any, will be held on February 28, 2023 at 10:00 a.m. Eastern Time.

## Pulse Check

The following is an overview of network activity on the Ethereum Beacon Chain over the past week. For more information about the metrics featured in this section, check out [our 101 explainer on ETH metrics](#).





## Network Health

Network Participation Rate  
Weekly Range

**99.54% - 99.69%**

Number of Validators

**530,934 active + 1.57%**  
**9,632 pending + 9,332**

Total ETH Deposited

**17,394,919 ETH + 3.49%**  
**\$28.50 billion + 1.53%**

Share of Total ETH Supply  
Deposited

**14.44%**

\*+ and - figures represent weekly changes to these metrics. Data as of February 28, 2023, 16:31:31 UTC. Source: BeaconScan, Etherscan



*Disclaimer: All profits made from CoinDesk's Eth 2.0 staking venture will be donated to a charity of the company's choosing once transfers are enabled on the network.*





## CoinDesk Validator Health

### Historical Activity

**166,797 attestations submitted** **+1,534**

**18 blocks proposed** **\*null**

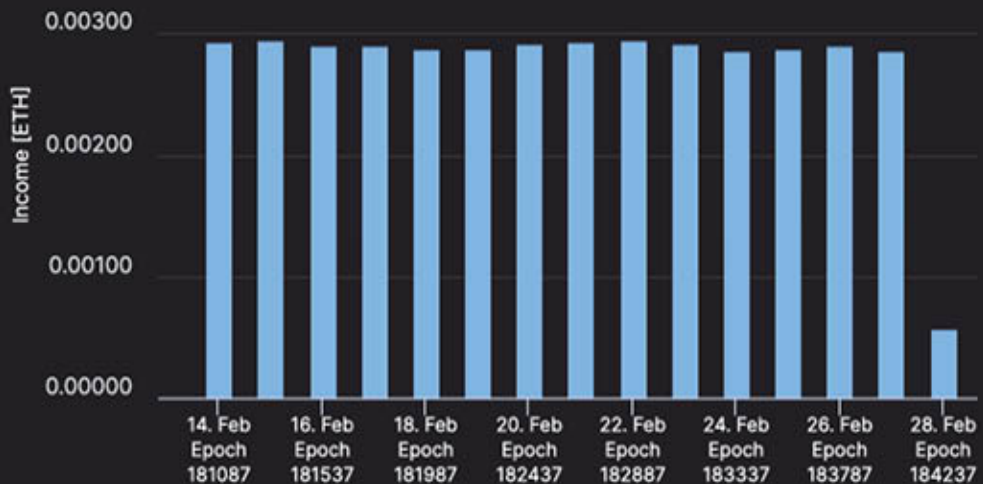
### Weekly Revenue

**+ 0.02028 ETH (+\$33.35)**

### Estimated APR

**9.4%**

### Daily Income Over the Past Two Weeks



*\*+ and - figures represent weekly changes to these metrics. Data as of February 28, 2023, 16:32:56 UTC. Source: Beaconcha.in, BeaconScan.*



Legal Notice

**NOTICE OF BAR DATES FOR SUBMITTING  
PROOFS OF CLAIM AND CLAIMS UNDER  
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AGAINST THE DEBTORS**

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## Validated Takes

### [Yuga Labs to release its new collection of NFTs on the Bitcoin blockchain.](#)

- **WHY IT MATTERS:** Bored Ape Yacht Club parent company Yuga Labs is planning to release an NFT collection minted on the Bitcoin-based Ordinals protocol, which has steadily grown in popularity since its launch last month. Called TwelveFold, the collection will feature 300 generative art NFTs placed on a 12x12 grid, which serves as “a visual allegory for the cartography of data on the Bitcoin blockchain.” Yuga Labs plans to open its auction for TwelveFold later this week. [Read more here.](#)

### [Liquid staking is now bigger than decentralized finance \(DeFi\).](#)

- **WHY IT MATTERS:** The total value of crypto assets deposited in liquid staking protocols was \$14.26 billion as of Tuesday, making it the second-largest crypto market sector, according to data source DefiLlama. TVL for DeFi lending and borrowing protocols was \$13.72 billion, the third largest, while decentralized exchanges, with deposits of \$18.48, held the top spot. The Ethereum blockchain’s upcoming

Shanghai software upgrade has galvanized investor interest in liquid staking, which is the best-performing crypto sector this year. [Read more here.](#)

[Coinbase launched Base, a layer 2 network built using Optimism's OP Stack.](#)

- **WHY IT MATTERS:** On Thursday, the testnet of Base was started by Coinbase, which joined Optimism as a core developer on the open-source OP Stack, a developer toolkit for the Optimism network. Base will not be limited to Ethereum; it will also provide easy and secure access to layer 2 networks such as Optimism and Solana. Coinbase would allow developers to directly integrate their products with Base and provide fiat onramps – targeting an estimated 110 million verified users and \$80 billion in assets. [Read more here.](#)

## Factoid of the Week



The Istanbul fork upgrade, which occurred on Dec. 8, 2019, improved denial-of-service attack resilience and optimized the gas cost of certain actions in the Ethereum Virtual Machine.



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